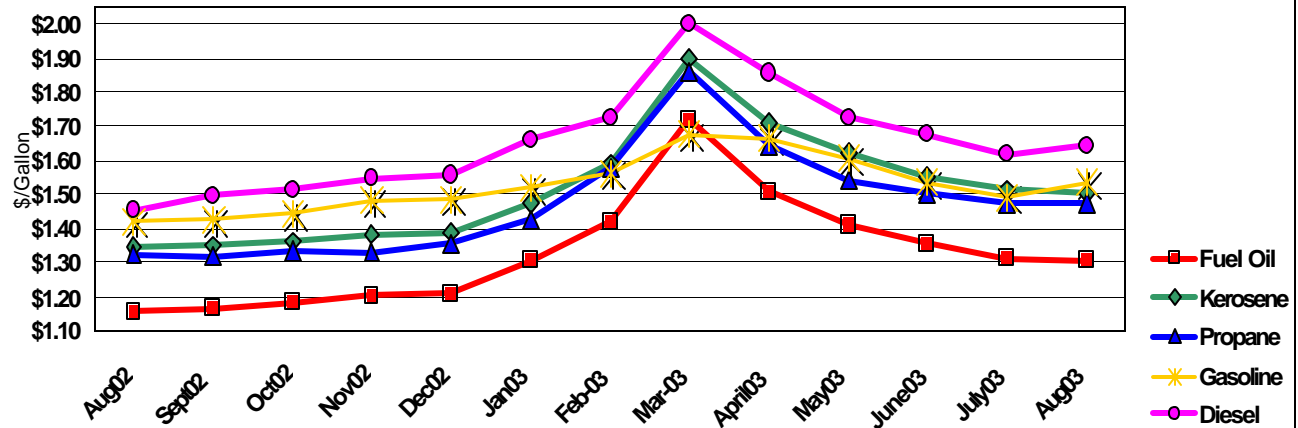


Vermont Fuel Price Report

August 2003

Vermont Picture

One Year Price Trend



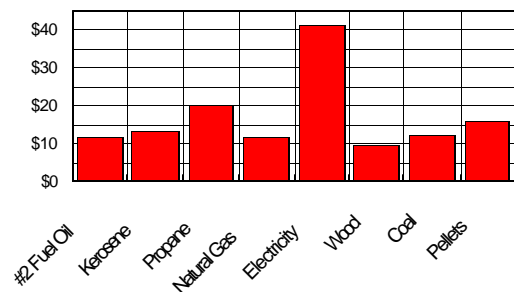
Average Retail Petroleum Prices (per gallon)

	Aug03	July03	%change	Aug02	%change
No. 2 Fuel Oil	\$1.306	\$1.310	-0.3%	\$1.155	13.0%
Kerosene	\$1.500	\$1.514	-0.9%	\$1.347	11.4%
Propane	\$1.474	\$1.473	0.1%	\$1.320	11.7%
Unleaded Gasoline	\$1.532	\$1.488	2.9%	\$1.418	8.0%
Diesel	\$1.645	\$1.614	1.9%	\$1.453	13.2%

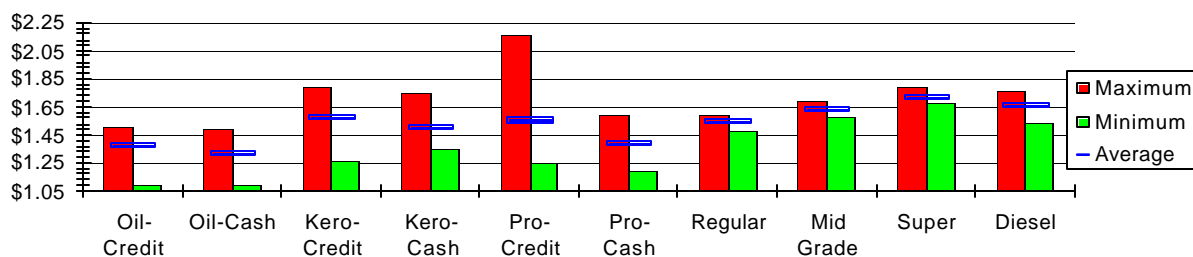
Comparing the Cost of Heating Fuels

Type of Energy	BTU/unit	Adj Effic	\$/unit	\$/MMBtu
Fuel Oil, gallon	138,200	80%	\$1.31	\$11.81
Kerosene, gallon	136,600	80%	\$1.50	\$13.73
Propane, gallon	91,600	80%	\$1.47	\$20.12
Natural Gas, therm	100,000	80%	\$0.98	\$12.21
Electricity, kwh	3,412	100%	\$0.14	\$41.39
Wood, cord	22,000,000	60%	\$125.00	\$9.47
Coal, ton	24,000,000	60%	\$182.00	\$12.64
Pellets, ton	16,400,000	80%	\$210.00	\$16.01

Cost per 1 Million BTU



Fuel Price Ranges in Vermont



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Buying Winter Fuel (substantially reprised from July)

Many fuel dealers offer their customers a valuable service in the form of price protection or price control programs. "Pre-Buy" programs offer customers the opportunity to purchase a specified volume of fuel at a predetermined price by paying for the heating season's fuel in advance. "Cap" and "Fixed Price" programs may be part of "Budget" programs in which the customer agrees to make equal monthly payments, often for 10 to 12 months beginning late spring. In Fixed Price programs, the price per unit does not change for all of the fuel delivered during the heating season. In Cap programs, the fuel price will not exceed a pre-determined value, and may go down based on market conditions at time of delivery.

Pricing varies between companies, but generally pre-buy fuel is less expensive than fixed price and fixed price is less expensive than a capped price. The difference in the price of fuel is related to the exposure to uncertainty accepted by both the fuel dealer and the customer. For example, capped programs protect customers against upward price movement and may provide some savings if the market price falls, thus requiring that the dealer purchase insurance for movement in either direction from the cap price. Likewise fixed-price programs only require insurance against upward movement, and theoretically, pre-buy programs don't require insurance at all.

The Department of Public Service recommends that all heating fuel customers take advantage of some form price protection mechanism for several reasons. For the individual, it provides a degree of certainty in what can be a very uncertain world. The benefits of certainty work up the supply chain as local dealers commitments to their customers make commitments to their suppliers who in turn make commitments to the refining industry. This chain of commitment reduces market volatility and increases the ability for market participants to efficiently schedule their resources. Individuals are better able to budget their financial resources and thus are not caught short, another attribute which is passed up the supply chain. Last, but not least, these price protection programs have proven to save money for individual customers, and most of the participants in the supply chain, over several heating seasons. The costs of one bad year, or even one bad month, buying fuel at the current or "spot" price can easily eat-up the savings from a long string of successful purchases. Finally, the DPS recommends that heating fuel customers take advantage of automatic fill programs for many of the same reason. They reduce risk, cost, and allow efficient infrastructure scheduling.

The DPS also recommends that fuel customers establish working relationships with a heating fuel company BEFORE the heating season begins, and that they have their heating systems checked by a qualified and properly trained heating service technician. Vermont heating oil and propane customers should ask their heating fuel company or heating repair company if their service technicians are certified in either the Certified Employee Training Program (CETP) for propane and/or the Silver Oilheat Certification for Oilheat.

The charts on the next page show the availability and price per gallon for programs in the first week of August from a representative sample of fuel dealers.

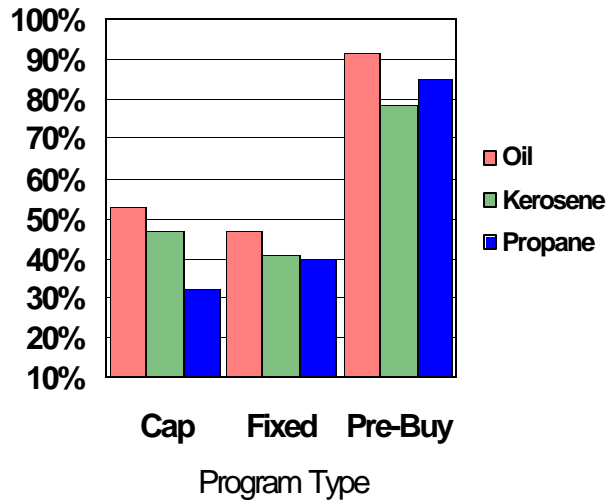
NOTE: The *Vermont Fuel Price Report* is published monthly by the Vermont Department of Public Service. Prices are collected on or about the first Monday of each month and, unless otherwise indicated, reflect dealer discounts for cash or self-service. For more information, please contact:
Tom Franks at 1-800-642-3281 or (802) 828-4035. E-mail: tom.franks@state.vt.us.

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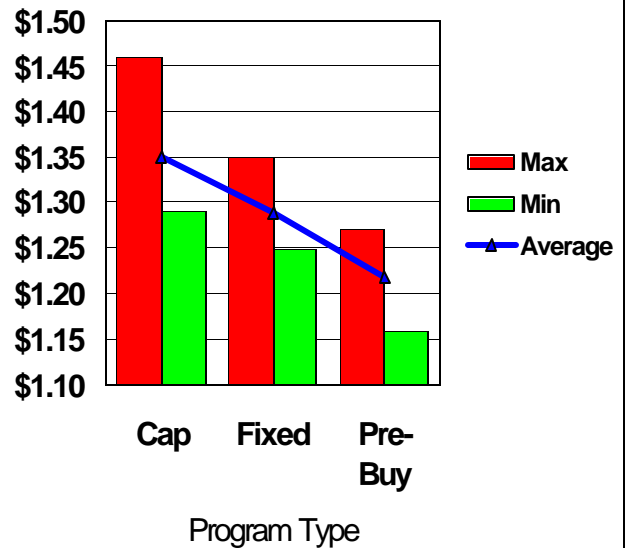
August 2003

PRICE PROTECTION PROGRAMS

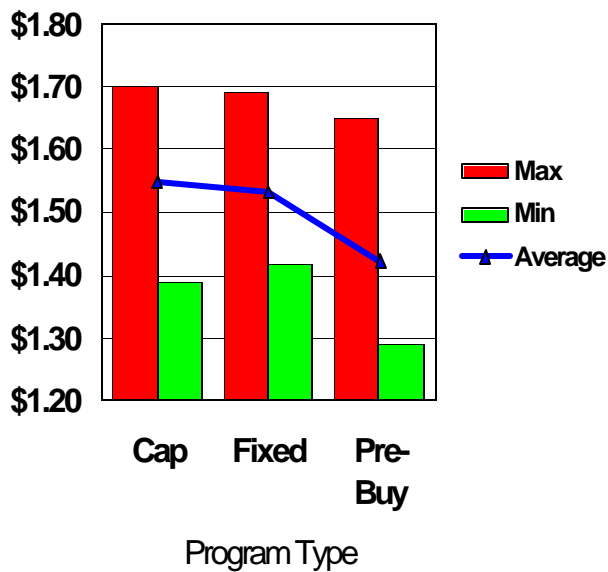
Dealers Offering Programs (%)



Oil



Kerosene



Propane

